

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING:
Whether there has been a violation of the Check
Cashers and Sellers Act of Washington by:

C-05-031-05-TD01

EXPRESSIT, INC., and
CARL E. EHRESMAN, President, Vice-President and
Chairman of the Board of Directors, and
ELAINE L. EHRESMAN, Secretary and Treasurer,
Respondents.

TEMPORARY ORDER TO
CEASE AND DESIST

THE STATE OF WASHINGTON TO: Expressit, Inc.
800 Sleater-Kinney Rd SE
Lacey, Washington 98503

AND TO: Carl Ehresman
Expressit, Inc.
800 Sleater-Kinney Rd SE
Lacey, Washington 98503

AND TO: Elaine Ehresman
Expressit, Inc.
800 Sleater-Kinney Rd SE
Lacey, Washington 98503

COMES NOW the Director of the Washington State Department of Financial Institutions (Director), by and through her designee Chuck Cross, Division Director, Division of Consumer Services (designee), and finding that the public is likely to be substantially injured by delay in issuing a cease and desist order, the Director, through her designee, enters this temporary cease and desist order pursuant to chapter 31.45 RCW, the Check Cashers and Sellers Act (Act), based on the following findings. The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part.

I. FACTUAL FINDINGS

1.1 Respondents:

A. **Expressit, Inc. (Expressit)** was incorporated in the State of Washington on September 10, 1992 and has maintained a corporate license in the State of Washington to date. The nature of Respondent Expressit's business is listed as "Pawn Shop – Mailboxes – Mailing" in the Profit Corporation License Renewal and Annual Report

1 filed by Respondents for Respondent Expressit with the State of Washington Department of Licensing Master Licensing
2 Service in or around August 2004. Respondent Expressit holds licenses from the City of Lacey, Washington to conduct
3 the following businesses: “Second Hand / Pawn Shop-In” and “Postal Service / Private / Courier Ser-In.”

4 B. **Carl Ehresman (C. Ehresman)** is listed as President, Vice-President, and Chairman of the
5 Board of Directors of Respondent Expressit in the Profit Corporation License Renewal and Annual Report filed by
6 Respondents for Respondent Expressit with the State of Washington Department of Licensing Master Licensing Service
7 in or around August 2004.

8 C. **Elaine Ehresman** is listed as Secretary and Treasurer of Respondent Expressit in the Profit
9 Corporation License Renewal and Annual Report filed by Respondents for Respondent Expressit with the State of
10 Washington Department of Licensing Master Licensing Service in or around August 2004.

11 1.2 **Location.** For at least the period beginning July 2003 through the date of this order, the
12 Department has reason to believe that Respondents have conducted business from 800 Sleater-Kinney Rd SE,
13 Lacey Washington 98503.

14 1.3 **Check Casher License with Small Loan Endorsement.** To date, the Department of Financial
15 Institutions of the State of Washington (Department) has not issued a license to, or received an application from,
16 any of the Respondents to conduct the business of a check casher with a small loan endorsement. To date, the
17 Department has not issued a license to, or received an application from, any person to conduct the business of a
18 check casher with a small loan endorsement from the address listed in paragraph 1.2. The Department also has
19 reason to believe that, for at least the period beginning July 2003 through the date of this order, Respondents have
20 not had the statutorily required surety bond to engage in the business of making small loans.

21 1.4 **Unauthorized Making of Small Loans.** The Department has reason to believe that Respondents
22 have engaged in the business of making small loans from the address listed in paragraph 1.2 from at least July
23 2003 through the date of this order.

1 A. On February 15, 2005, Department personnel visited Respondents at the address listed in
2 paragraph 1.2. During that visit, Respondent C. Ehresman stated that Respondents:

- 3 • give small loans for periods of up to thirty (30) days; and
- 4 • give small loans from one hundred dollars (\$100.00) up to seven hundred dollars (\$700.00) per loan period; and
- 5 • charge fifteen dollars (\$15.00) of interest per loan period for each one hundred dollars (\$100.00) loaned; and
- 6 • have approximately one hundred (100) small loans outstanding at any one time; and
- 7 • take checks from borrowers as collateral for small loans; and
- 8 • at the end of the loan period, either cash the collateral check, or give the collateral check back to the borrower if the borrower provides Respondents with the amount of the collateral check in cash, or hold onto the collateral check or exchange the check for a new one if the borrower wishes to extend the small loan (discussed further in paragraph 1.8).

9
10 Also during that visit, Department personnel observed a sign near the cash register with the following text:

11 “Send us a customer. We will give you \$15.00. Ask for Details. Delayed
12 check cashing only. Does not apply to pawn.”

13 B. On February 15, 2005, Subpoena to Produce Records C-05-031-05-SB01 (Subpoena) was
14 issued by the Department and served on Respondents. Pursuant to this subpoena, Respondent C. Ehresman provided
15 Department personnel with small loan files for over three hundred (300) borrowers, each with small loan activity during
16 at least the period from July 2003 through February 15, 2005. Respondent C. Ehresman refused to provide the
17 Department with the collateral checks in his possession, stating that providing such checks to the Department would
18 effectively close his business.

19 C. According to the small loan files discussed in paragraph 1.4B, it appears that at least one
20 hundred sixty-four (164) consumers had outstanding small loans, with principal balances totaling at least seventy-two
21 thousand dollars (\$72,000.00), due to Respondents as of February 15, 2005.

22 1.5 **Failing to Disclose Terms of Small Loans to Borrowers.** The Department has reason to believe
23 that Respondents have failed to provide borrowers with statutorily required written agreements or written
24 disclosures during the course of making small loans.
25

1 A. During the February 15, 2005 visit by Department personnel discussed in paragraph 1.4A,
2 Respondent C. Ehresman stated that the only written document related to a small loan provided to borrowers by
3 Respondents is a slip of paper with blank spaces for the transaction date, receipt number, borrower's social security
4 number, borrower's name, cash received, check number, check amount, borrower signature, and the following text:

5 "I ACKNOWLEDGE RECEIPT OF THE ABOVE AMOUNT FROM CASHING
6 MY CHECK AND I REQUEST EXPRESS LOANS TO DEPOSIT MY CHECK ON
7 MY PAYDAY, WHICH DATE IS _____. THERE IS A 15 DAY WAITING
8 PERIOD AFTER THE DATE OF DEPOSIT OF YOUR CHECK BEFORE
9 ANOTHER CHECK CAN BE CASHED UNLESS YOU PROVIDE PROOF
10 SHOWING IT HAS CLEARED ** NO EXCEPTION**
11 ***** \$30.00 CHARGE ON ALL RETURNED CHECKS *****"

12 B. Pursuant to a review of fifteen (15) of the borrower small loan files discussed in paragraph
13 1.4B, none of these fifteen (15) borrower small loan files contained copies of statutorily required written agreements or
14 written disclosures related to the small loans.

15 1.6 **Making Small Loans in Excess of Statutory Maximum.** The Department has reason to believe
16 that Respondents have provided borrowers with small loans with aggregated principal exceeding seven hundred
17 dollars (\$700.00) at any one time.

18 A. According to the small loan files discussed in paragraph 1.4B, at least sixteen (16) borrowers
19 had outstanding small loans with aggregated principal balances ranging from seven hundred fifty dollars (\$750.00) to
20 two thousand dollars (\$2,000.00) due to Respondents as of February 15, 2005.

21 B. Pursuant to a review of fifteen (15) of the borrower small loan files discussed in paragraph
22 1.4B, it appears Respondents made at least ninety-seven (97) small loans, with aggregated principal balances ranging
23 from seven hundred fifty dollars (\$750.00) to two thousand dollars (\$2,000.00) at any one time, to at least eleven (11)
24 of those borrowers between July 2003 and February 15, 2005.

25 1.7 **Charging Interest or Fees on Small Loans in Excess of Statutory Maximum.** The
Department has reason to believe that Respondents have charged interest or fees in the aggregate exceeding
fifteen percent (15%) of the first five hundred dollars (\$500.00) of aggregated principal and ten percent (10%) of
the next two hundred dollars (\$200.00) of aggregated principal of small loans outstanding at any one time.

1 A. During the February 15, 2005 visit by Department personnel discussed in paragraph 1.4A,
2 Respondent C. Ehresman stated that Respondents charge fifteen dollars (\$15.00) of interest in each loan period for each
3 one hundred dollars (\$100.00) loaned, and loan up to seven hundred dollars (\$700.00) per loan period, as noted in
4 paragraph 1.4A.

5 B. Pursuant to a review of fifteen (15) of the borrower small loan files discussed in paragraph
6 1.4B, it appears that between July 2003 and February 15, 2005, Respondents made at least one hundred twenty-six
7 (126) small loans, with aggregated principal balances over five hundred dollars (\$500.00) at any one time, to at least
8 eleven (11) of the borrowers. In each of these loans, Respondents charged borrowers interest of at least fifteen percent
9 (15%) of the aggregated principal balances.

10 C. Pursuant to a review of fifteen (15) of the borrower small loan files discussed in paragraph
11 1.4B, it appears that between July 2003 and February 15, 2005, Respondents made at least forty-seven (47) small
12 loans, with interest exceeding fifteen percent (15%) of the aggregated principal balances, to at least six (6) of the
13 borrowers.

14 1.8 **Small Loans Repaid with Proceeds of Successive Small Loans.** The Department has reason to
15 believe that Respondents have allowed borrowers to repay small loans with the proceeds from successive small
16 loans.

17 A. During the February 15, 2005 visit by Department personnel discussed in paragraph 1.4A,
18 Respondent C. Ehresman stated that borrowers are allowed to extend their small loans for up to thirty (30) days by
19 paying the interest portion of their small loan balance or by providing a new check in exchange for the check held as
20 collateral by Respondents. Respondent C. Ehresman referred to this practice as “rolling” or “extending” the loan.

21 B. Pursuant to a review of fifteen (15) of the borrower small loan files discussed in paragraph
22 1.4B, it appears that between July 2003 and February 15, 2005, at least thirteen (13) of the borrowers extended a small
23 loan at least once, and at least eight (8) of the borrowers had extended their small loans throughout the entire period.

24 C. Of the eight (8) borrowers who extended their small loans throughout the entire period, as
25 discussed in paragraph 1.8B:

- one borrower appears to have been extending small loans with aggregated principal balances ranging from \$600 to \$1,875.00 since at least August 1997, paying over \$19,500.00 in interest during that period and still owing Respondents \$2,160.75 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances of \$800.00 since at least March 2000, paying almost \$7,000.00 in interest during that period and still owing Respondents \$920.00 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances of \$200.00 since at least May 2000, paying over \$1,700.00 in interest during that period and still owing Respondents \$230.00 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances of \$400.00 since at least June 2000, paying almost \$3,400.00 in interest during that period and still owing Respondents \$460.00 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances ranging from \$800.00 to \$850.00 since at least June 2001, paying almost \$5,300.00 in interest during that period and still owing Respondents \$920.00 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances ranging from \$500.00 to \$800.00 since at least August 2001, paying almost \$3,700.00 in interest during that period and still owing Respondents \$575.00 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances ranging from \$400.00 to \$1,700.00 since at least December 2002, paying over \$3,000.00 in interest during that period and still owing Respondent Expressit \$1,955.00 (including interest) as of February 15, 2005;
- one borrower appears to have been extending small loans with aggregated principal balances ranging from \$500.00 to \$1,300.00 since at least September 2003, paying \$2,100.00 in interest during that period and still owing Respondents \$1,495.00 (including interest) as of February 15, 2005.

1.9 **Substantial Injury to Public.** The Department has reason to believe that Respondents have caused substantial injury to the public. From at least July 2003 through the date of this order, Respondents have: engaged in the business of making small loans without a license, as discussed in paragraphs 1.3 and 1.4; failed to disclose terms of small loans to borrowers, as discussed in paragraph 1.5; made small loans in amounts in excess of the statutory maximum, as discussed in paragraph 1.6; charged interest on small loans in excess of the statutory maximum, as discussed in paragraph 1.7; and allowed borrowers to repay small loans with the proceeds from successive small loans, as discussed in paragraph 1.8. There is reasonable cause to believe that the threat exists for Respondents to do or continue the acts and conduct described in paragraphs 1.3 through 1.8.

II. GROUNDS FOR ENTRY OF ORDER

2.1 **Definition of Check Casher.** Pursuant to RCW 31.45.010(5), a “Check Casher” is defined as an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other commercial paper serving the same purpose.

2.2 **Definition of Licensee.** Pursuant to RCW 31.45.010(12), a “Licensee” is defined as a check casher or seller licensed by the director to engage in business in accordance with the Act. For the purpose of the enforcement powers of the Act, including the power to issue cease and desist orders under RCW 31.45.110, “licensee” also means a check casher or seller who fails to obtain the license required by the Act.

2.3 **Definition of Small Loan.** Pursuant to RCW 31.45.010(19), a “Small Loan” is defined as a loan up to the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073. (See paragraph 2.7).

2.4 **Check Casher License Required.** Based on the above Factual Findings, Respondents are in violation of RCW 31.45.030(1) for engaging in the business of a check casher without first obtaining a license from the Department.

2.5 **Small Loan Endorsement Required.** Based on the above Factual Findings, Respondents are in violation of RCW 31.45.070 and RCW 31.45.073 for engaging in the business of making small loans without first obtaining a small loan endorsement from the Director.

2.6 **Small Loan Disclosures Required.** Based on the above Factual Findings, Respondents are in violation of RCW 31.45.088(3), WAC 208-630-065 and WAC 208-630-068 for failing to provide disclosures to small loan borrowers including the terms of the small loan, the principal amount of the small loan, the total of payments of the small loan, the fee or interest rate charged by the licensee on the small loan, and the annual percentage rate resulting from this fee or interest rate.

1 2.7 **Statutory Maximum Principal Amount of Small Loan.** Based on the above Factual Findings,
2 Respondents are in violation of RCW 31.45.073(2) for making loans with principal in excess of seven hundred
3 dollars (\$700.00).

4 2.8 **Statutory Maximum Interest or Fees on Small Loan.** Based on the above Factual Findings,
5 Respondents are in violation of RCW 31.45.073(3) for charging interest or fees in the aggregate exceeding fifteen
6 percent (15%) of the first five hundred dollars (\$500.00) of principal and ten percent (10%) of the next two
7 hundred dollars (\$200.00) of principal of the small loans.

8 2.9 **Small Loan Repaid with Proceeds of Another Small Loan.** Based on the above Factual
9 Findings, Respondents are in violation of RCW 31.45.073(4) and WAC 208-630-085(2)(a) for redeeming checks
10 held as collateral for small loans with subsequent checks, and for applying the proceeds of subsequent small loans
11 to outstanding small loans.

12 2.10 **Authority to Examine and Investigate.** Pursuant to RCW 31.45.100, the Director or the
13 Director's designee is authorized at any time to examine and investigate the business and examine the books,
14 accounts, records, and files, or other information, wherever located, of any licensee or person who the Director
15 has reason to believe is engaging in the business governed by this chapter.

16 2.11 **Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.120, the Director is
17 authorized to issue a temporary cease and desist order requiring the licensee to cease and desist from a violation
18 or practice whenever the Director determines that the acts specified in RCW 31.45.110 or their continuation are
19 likely to cause insolvency or substantial injury to the public. Based on the above Factual Findings, Respondents
20 have violated RCW 31.45.030(1), RCW 31.45.070, RCW 31.45.073, and RCW 31.45.088(3) and based upon
21 reasonable cause the threat exists for Respondents to do or continue the acts and conduct described in the above
22 Factual Findings. Continuation of the unauthorized conduct is reasonably likely because of the outstanding loans
23 with consumers, Respondent C. Ehresman's refusal to produce the collateral checks in his possession, and the
24 active operation and advertising of the business. Pursuant to RCW 31.45.120, RCW 31.45.110(1)(b), and RCW

31.45.110(1)(c), the Director determines Respondents' acts and conduct and its continuation is likely to cause substantial injury to the public.

2.12 Effective Date of Temporary Cease and Desist Order. Pursuant to RCW 31.45.120, the Temporary Cease and Desist Order "becomes effective upon service upon the licensee and remains effective unless set aside, limited, or suspended by a court under RCW 31.45.130 pending the completion of the administrative proceedings under the notice and until such time as the director dismisses the charges specified in the notice or until the effective date of the cease and desist order issued against the licensee under RCW 31.45.110."

2.13 Violations Affect the Public Interest. Pursuant to RCW 31.45.190 the legislature found and declared that any violation of the Act substantially affects the public interest and is an unfair and deceptive act or practice and an unfair method of competition in the conduct of trade or commerce as set forth in RCW 19.86.020 of the Consumer Protection Act.

III. ORDER

Based on the above Factual Findings and Grounds for Entry of Order and pursuant to RCW 31.45.120, RCW 31.45.110(1)(b), and RCW 31.45.110(1)(c), the Director determines the acts and conduct of Respondents Expressit, Inc., Carl Ehresman, and Elaine Ehresman and the continuation of such conduct is likely to cause substantial injury to the public. Therefore, the Director ORDERS that:

3.1 Respondents Expressit, Inc., Carl Ehresman, and Elaine Ehresman are to immediately cease and desist from the making of any small loans and from all small loan activity regulated under chapter 31.45 RCW, the Check Cashers and Sellers Act, at any locations, including but not limited to 800 Sleater-Kinney Rd SE, Lacey Washington 98503.

3.2 Respondents Expressit, Inc., Carl Ehresman, and Elaine Ehresman are to immediately cease and desist from engaging in any loan business or from negotiation of loan activity regulated under chapter 31.45 RCW, the Check Cashers and Sellers Act, at any locations including but not limited to 800 Sleater-Kinney Rd SE, Lacey Washington 98503.

3.3 Respondents Expressit, Inc., Carl Ehresman, and Elaine Ehresman are to retain all records of any small loan or loan activity and make these records immediately available for the Department's inspection pursuant to Subpoena to Produce Records, C-05-031-05-SB01, issued by the Department and served on Respondents on February 15, 2005.

3.4 This order shall take effect immediately and shall remain in effect unless set aside, limited, or suspended by a court under RCW 31.45.130.

NOTICE

YOU ARE ENTITLED TO A HEARING PURSUANT TO CHAPTER 31.45 RCW TO DETERMINE WHETHER THIS ORDER SHALL BECOME PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE ATTACHED APPLICATION FOR ADJUDICATIVE HEARING INCORPORATED HEREIN BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE THAT THIS ORDER WAS SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO A HEARING. SERVICE ON YOU IS DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST KNOWN ADDRESS. BE ADVISED THAT DEFAULT WILL RESULT IN THIS ORDER TO CEASE AND DESIST BECOMING PERMANENT ON THE TWENTY-FIRST (21ST) DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU.

WITHIN TEN DAYS AFTER YOU HAVE BEEN SERVED WITH THIS TEMPORARY CEASE AND DESIST ORDER, YOU MAY APPLY TO THE SUPERIOR COURT IN THE COUNTY OF YOUR PRINCIPAL PLACE OF BUSINESS FOR AN INJUNCTION SETTING ASIDE, LIMITING, OR SUSPENDING THIS ORDER PENDING THE COMPLETION OF THE ADMINISTRATIVE PROCEEDINGS PURSUANT TO THIS NOTICE.

DATED this 24th day of February, 2005.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

/s/ _____
CHUCK CROSS
Director and Enforcement Chief
Division of Consumer Services
Department of Financial Institutions

1 **RCW 31.45.010 Definitions.**

2 Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

3 ...

4 (5) "Check casher" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other commercial paper serving the same purpose.

5 ...

6 (12) "Licensee" means a check casher or seller licensed by the director to engage in business in accordance with this chapter. For purposes of the enforcement powers of this chapter, including the power to issue cease and desist orders under RCW 31.45.110, "licensee" also means a check casher or seller who fails to obtain the license required by this chapter.

7 ...

8 (19) "Small loan" means a loan of up to the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073.

9 ...

10 [2003 c 86 § 1; 1995 c 18 § 1; 1994 c 92 § 274; 1993 c 143 § 1; 1991 c 355 § 1.]

11 **RCW 31.45.030 License required -- Small loan endorsement -- Application -- Fee -- Bond -- Deposit in lieu of bond -- Director's duties.**

12 (1) Except as provided in RCW 31.45.020, no check casher or seller may engage in business without first obtaining a license from the director in accordance with this chapter. A license is required for each location where a licensee engages in the business of cashing or selling checks or drafts.

13 ...

14 [2003 c 86 § 3; 2001 c 177 § 11; 1995 c 18 § 4; 1994 c 92 § 276; 1993 c 176 § 1; 1991 c 355 § 3.]

15 **RCW 31.45.070 Licensee -- Permissible transactions -- Restrictions.**

16 (1) No licensee may engage in a loan business or the negotiation of loans or the discounting of notes, bills of exchange, checks, or other evidences of debt on the same premises where a check cashing or selling business is conducted, unless the licensee:

- 17 (a) Is conducting the activities of pawnbroker as defined in RCW 19.60.010;
- 18 (b) Is a properly licensed consumer loan company under chapter 31.04 RCW;
- (c) Is conducting other lending activity permitted in the state of Washington; or
- (d) Has a small loan endorsement.

19 (2) Except as otherwise permitted in this chapter, no licensee may at any time cash or advance any moneys on a postdated check or draft. However, a licensee may cash a check payable on the first banking day following the date of cashing if:

- 20 (a) The check is drawn by the United States, the state of Washington, or any political subdivision of the state, or by any department or agency of the state or its subdivisions; or
- 21 (b) The check is a payroll check drawn by an employer to the order of its employee in payment for services performed by the employee.

22 (3) Except as otherwise permitted in this chapter, no licensee may agree to hold a check or draft for later deposit. A licensee shall deposit all checks and drafts cashed by the licensee as soon as practicable.

23 (4) No licensee may issue or cause to be issued any check, draft, or money order, or other commercial paper serving the same purpose, that is drawn upon the trust account of a licensee without concurrently receiving the full principal amount, in cash, or by check, draft, or money order from a third party believed to be valid.

(5) No licensee may advertise, print, display, publish, distribute, or broadcast or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, any statement or representation that is false, misleading, or deceptive, or that omits material information, or that refers to the supervision of the licensee by the state of Washington or any department or official of the state.

(6) Each licensee shall comply with all applicable federal statutes governing currency transaction reporting.

[2003 c 86 § 7; 1995 c 18 § 7; 1994 c 92 § 280; 1991 c 355 § 7.]

**RCW 31.45.073 Making small loans -- Endorsement required -- Termination date -- Maximum amount -- Interest -
- Fees -- Postdated check or draft as security.**

(1) No licensee may engage in the business of making small loans without first obtaining a small loan endorsement to its license from the director in accordance with this chapter. An endorsement will be required for each location where a licensee engages in the business of making small loans, but a small loan endorsement may authorize a licensee to make small loans at a location different than the licensed locations where it cashes or sells checks. A licensee may have more than one endorsement.

(2) The termination date of a small loan may not exceed the origination date of that same small loan by more than forty-five days, including weekends and holidays, unless the term of the loan is extended by agreement of both the borrower and the licensee and no additional fee or interest is charged. The maximum principal amount of any small loan, or the outstanding principal balances of all small loans made by a licensee to a single borrower at any one time, may not exceed seven hundred dollars.

(3) A licensee that has obtained the required small loan endorsement may charge interest or fees for small loans not to exceed in the aggregate fifteen percent of the first five hundred dollars of principal. If the principal exceeds five hundred dollars, a licensee may charge interest or fees not to exceed in the aggregate ten percent of that portion of the principal in excess of five hundred dollars. If a licensee makes more than one loan to a single borrower, and the aggregated principal of all loans made to that borrower exceeds five hundred dollars at any one time, the licensee may charge interest or fees not to exceed in the aggregate ten percent on that portion of the aggregated principal of all loans at any one time that is in excess of five hundred dollars. The director may determine by rule which fees, if any, are not subject to the interest or fee limitations described in this section. It is a violation of this chapter for any licensee to knowingly loan to a single borrower at any one time, in a single loan or in the aggregate, more than the maximum principal amount described in this section.

(4) In connection with making a small loan, a licensee may advance moneys on the security of a postdated check. The licensee may not accept any other property, title to property, or other evidence of ownership of property as collateral for a small loan. The licensee may accept only one postdated check per loan as security for the loan. A licensee may permit a borrower to redeem a postdated check with a payment of cash or the equivalent of cash. The licensee may disburse the proceeds of a small loan in cash, in the form of a check, or in the form of the electronic equivalent of cash or a check.

(5) No person may at any time cash or advance any moneys on a postdated check or draft in excess of the amount of goods or services purchased without first obtaining a small loan endorsement to a check casher or check seller license.

[2003 c 86 § 8; 1995 c 18 § 2.]

RCW 31.45.088 Small loans -- Disclosure requirements -- Advertising -- Making loan.

...

(3) When making a small loan, each licensee shall disclose to the borrower the terms of the small loan, including the principal amount of the small loan, the total of payments of the small loan, the fee or interest rate charged by the licensee on the small loan, and the annual percentage rate resulting from this fee or interest rate.

...

[2003 c 86 § 14.]

RCW 31.45.100 Examination or investigation -- Director's authority -- Costs.

1 The director or the director's designee may at any time examine and investigate the business and examine the books,
2 accounts, records, and files, or other information, wherever located, of any licensee or person who the director has reason
3 to believe is engaging in the business governed by this chapter. For these purposes, the director or the director's designee
4 may require the attendance of and examine under oath all persons whose testimony may be required about the business or
5 the subject matter of the investigation. The director or the director's designee may require the production of original
6 books, accounts, records, files, or other information, or may make copies of such original books, accounts, records, files,
7 or other information. The director or the director's designee may issue a subpoena or subpoena duces tecum requiring
8 attendance and testimony, or the production of the books, accounts, records, files, or other information. The director shall
9 collect from the licensee the actual cost of the examination or investigation.

10 [2003 c 86 § 16; 1994 c 92 § 283; 1991 c 355 § 10.]

11 **RCW 31.45.110 Violations or unsound financial practices -- Statement of charges -- Hearing -- Sanctions --**
12 **Director's authority.**

13 (1) The director may issue and serve upon a licensee or applicant a statement of charges if, in the opinion of the director,
14 any licensee or applicant:

15 (a) Is engaging or has engaged in an unsafe or unsound financial practice in conducting the business of a check seller
16 governed by this chapter;

17 (b) Is violating or has violated this chapter, including rules, orders, or subpoenas, any rule adopted under chapter 86,
18 Laws of 2003, any order issued under chapter 86, Laws of 2003, any subpoena issued under chapter 86, Laws of 2003, or
19 any condition imposed in writing by the director or the director's designee in connection with the granting of any
20 application or other request by the licensee or any written agreement made with the director;

21 (c) Is about to do the acts prohibited in (a) or (b) of this subsection when the opinion that the threat exists is based
22 upon reasonable cause;

23 (d) Obtains a license by means of fraud, misrepresentation, concealment, or through mistake or inadvertence of the
24 director;

25 (e) Provides false statements or omissions of material information on the application that, if known, would have
allowed the director to deny the application for the original license;

(f) Fails to pay a fee required by the director or maintain the required bond;

(g) Commits a crime against the laws of the state of Washington or any other state or government involving moral
turpitude, financial misconduct, or dishonest dealings;

(h) Knowingly commits or is a party to any material fraud, misrepresentation, concealment, conspiracy, collusion,
trick, scheme, or device whereby any other person relying upon the word, representation, or conduct acts to his or her
injury or damage;

(i) Converts any money or its equivalent to his or her own use or to the use of his or her principal or of any other
person;

(j) Fails, upon demand by the director or the director's designee, to disclose any information within his or her
knowledge to, or to produce any document, book, or record in his or her possession for inspection of, the director or the
director's designee;

(k) Commits any act of fraudulent or dishonest dealing, and a certified copy of the final holding of any court, tribunal,
agency, or administrative body of competent jurisdiction regarding that act is conclusive evidence in any hearing under
this chapter; or

(l) Commits an act or engages in conduct that demonstrates incompetence or untrustworthiness, or is a source of injury
and loss to the public.

(2) The statement of charges shall be issued under chapter 34.05 RCW. The director or the director's designee may
impose the following sanctions against any licensee or applicant, or any director, officer, sole proprietor, partner,
controlling person, or employee of a licensee or applicant:

(a) Deny, revoke, suspend, or condition the license;

(b) Order the licensee to cease and desist from practices in violation of this chapter or practices that constitute unsafe
and unsound financial practices in the sale of checks;

(c) Impose a fine not to exceed one hundred dollars per day for each day's violation of this chapter;

(d) Order restitution to borrowers or other parties damaged by the licensee's violation of this chapter or take other
affirmative action as necessary to comply with this chapter; and

(e) Remove from office or ban from participation in the affairs of any licensee any director, officer, sole proprietor, partner, controlling person, or employee of a licensee.

(3) The proceedings to impose the sanctions described in subsection (2) of this section, including any hearing or appeal of the statement of charges, are governed by chapter 34.05 RCW.

Unless the licensee personally appears at the hearing or is represented by a duly authorized representative, the licensee is deemed to have consented to the statement of charges and the sanctions imposed in the statement of charges.

[2003 c 86 § 17; 1994 c 92 § 284; 1991 c 355 § 11.]

RCW 31.45.120 Violations or unsound practices -- Temporary cease and desist order -- Director's authority.

Whenever the director determines that the acts specified in RCW 31.45.110 or their continuation is likely to cause insolvency or substantial injury to the public, the director may also issue a temporary cease and desist order requiring the licensee to cease and desist from the violation or practice. The order becomes effective upon service upon the licensee and remains effective unless set aside, limited, or suspended by a court under RCW 31.45.130 pending the completion of the administrative proceedings under the notice and until such time as the director dismisses the charges specified in the notice or until the effective date of the cease and desist order issued against the licensee under RCW 31.45.110.

[2003 c 86 § 18; 1994 c 92 § 285; 1991 c 355 § 12.]

RCW 31.45.130 Temporary cease and desist order -- Licensee's application for injunction.

Within ten days after a licensee has been served with a temporary cease and desist order, the licensee may apply to the superior court in the county of its principal place of business for an injunction setting aside, limiting, or suspending the order pending the completion of the administrative proceedings pursuant to the notice served under RCW 31.45.120. The superior court has jurisdiction to issue the injunction.

[1991 c 355 § 13.]

RCW 31.45.190 Violation -- Consumer protection act -- Remedies.

The legislature finds and declares that any violation of this chapter substantially affects the public interest and is an unfair and deceptive act or practice and an unfair method of competition in the conduct of trade or commerce as set forth in RCW 19.86.020. Remedies available under chapter 19.86 RCW shall not affect any other remedy the injured party may have.

[1991 c 355 § 19.]

RCW 19.86.020 Unfair competition, practices, declared unlawful.

Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.

[1961 c 216 § 2.]

//
//
//
//
//
//
//
//
//
//
//
//
//
//
//

//
//
//
//
//
//

WAC 208-630-065 The note.

Each small loan made under a small loan endorsement pursuant to chapter 31.45 RCW shall be evidenced by a written note which shall state at least the following:

- (1) The date of the loan;
- (2) The principal amount of the loan which is defined as the face amount of the debt instrument on which interest is owed;
- (3) The manner in which it is to be repaid;
- (4) The maturity date of the debt; and
- (5) The rate of interest and the method of calculating interest.

[Statutory Authority: RCW 43.320.040 and 31.45.200. 96-03-059, codified as § 208-630-065, filed 1/12/96, effective 2/12/96.]

WAC 208-630-068 Contents of disclosure statement to borrower.

- (1) The licensee shall deliver to the borrower at the time a small loan is made a statement which meets the requirements of all applicable laws, including the federal Truth in Lending Act.
- (2) Sufficient information must be maintained in the licensee's files to show compliance with the consumer disclosure requirements of state and federal law.

[Statutory Authority: RCW 43.320.040 and 31.45.200. 96-03-059, codified as § 208-630-068, filed 1/12/96, effective 2/12/96.]

WAC 208-630-085 Licensee with small loan endorsement -- Powers -- Restrictions.

...

- (2) A licensee with a small loan endorsement is subject to the following restrictions:

- (a) No loan made under this act shall be repaid by proceeds of another loan made under chapter 31.45 RCW by the same lender or affiliate. The proceeds from any loan made under this act shall not be applied to any other loan from the same lender or affiliate;

...

[Statutory Authority: RCW 43.320.040 and 31.45.200. 96-03-059, codified as § 208-630-085, filed 1/12/96, effective 2/12/96.]